

SENATE RECORD VOTE ANALYSIS

104th Congress
2nd Session

Vote No. 11

February 7, 1996, 12:17 p.m.
Page S-1037 Temp. Record

FARM BILL/Commodity Credit Corporation Interest Rate

SUBJECT: Agricultural Market Transition Act of 1996 . . . S. 1541. Harkin modified amendment No. 3445 to the Craig (for Leahy/Lugar) substitute amendment No. 3184.

ACTION: AMENDMENT REJECTED, 37-59

SYNOPSIS: As introduced, S. 1541, the Agricultural Market Transition Act of 1996, will make sweeping changes to the Nation's farm policies. Farm programs will be reformed to allow farmers to plant what they want when they want, acreage reduction programs will be eliminated, and spending on farm programs will be capped so that subsidy payments will decline as part of a 7-year transition to full market-oriented farming.

The Craig (for Leahy/Lugar) substitute amendment would make numerous compromise changes (see vote No. 9).

The Harkin amendment would strike section 505. That section will lower the subsidized loan rate charged farmers by the Commodity Credit Corporation (CCC) by 100 basis points (1 percent).

Those favoring the amendment contended:

The CCC currently charges farmers interest on commodity loans at a rate based upon the costs of money for the CCC. It is a low, Treasury-based rate. The purpose of having a low rate is to help farmers. Without this option, farmers are left at the mercy of large grain dealers and food processors. Those large businesses are able to go to the big financial markets and borrow money at the prime rate. Individual farmers, though, without the CCC, must go to local markets and borrow at rates well above prime. When a harvest is collected, and prices are low, a farmer with a cash-flow problem does not have the same ability to stockpile crops as do grain dealers and food processors if those businesses are able to borrow money to cover their expenses at much lower rates. For nearly 60 years the CCC has helped level the playing field by offering loans at cost to farmers. This bill will change that practice by adding one hundred basis points, or 1 percent, to the cost of these loans. The only reason this proposal was made was because the Republicans needed every penny in savings they could find to meet their balanced budget spending targets in their reconciliation bill

(See other side)

YEAS (37)			NAYS (59)			NOT VOTING (4)	
Republicans (2 or 4%)	Democrats (35 or 76%)		Republicans (48 or 96%)	Democrats (11 or 24%)		Republicans (3)	Democrats (1)
Grassley	Akaka	Harkin	Abraham	Inhofe	Bryan	Domenici- ²	Bradley- ²
Pressler	Baucus	Heflin	Ashcroft	Jeffords	Graham	Gramm- ²	
	Biden	Hollings	Bennett	Kassebaum	Kennedy	Hatfield- ²	
	Bingaman	Inouye	Bond	Kempthorne	Kerry		
	Boxer	Johnston	Brown	Kyl	Lautenberg		
	Breaux	Kerrey	Burns	Lott	Leahy		
	Bumpers	Kohl	Campbell	Lugar	Moynihan		
	Byrd	Levin	Chafee	Mack	Nunn		
	Conrad	Lieberman	Coats	McCain	Reid		
	Daschle	Mikulski	Cochran	McConnell	Robb		
	Dodd	Moseley-Braun	Cohen	Murkowski	Rockefeller		
	Dorgan	Murray	Coverdell	Nickles			
	Exon	Pell	Craig	Roth			
	Feingold	Pryor	D'Amato	Santorum			
	Feinstein	Sarbanes	DeWine	Shelby			
	Ford	Simon	Dole	Simpson			
	Glenn	Wellstone	Faircloth	Smith			
	Wyden		Frist	Snowe			
			Gorton	Specter			
			Grams	Stevens			
			Gregg	Thomas			
			Hatch	Thompson			
			Helms	Thurmond			
			Hutchison	Warner			

EXPLANATION OF ABSENCE:

- 1—Official Business
- 2—Necessarily Absent
- 3—Illness
- 4—Other

SYMBOLS:

- AY—Announced Yea
- AN—Announced Nay
- PY—Paired Yea
- PN—Paired Nay

last year. That bill is dead due to the President's veto. We no longer have to try to meet the balanced budget target. Still, our colleagues are insisting on retaining this proposal, which will add \$260 million to the costs of farmers' borrowing over the next 7 years. This increase, in our view, is an unjust tax increase, and should be opposed. We therefore urge approval of the Harkin amendment.

Those opposing the amendment contended:

The rate charged for commodity loans by the CCC is well below commercial rates. Farmers thus enjoy preferential borrowing rights that no other businessmen in America enjoy. If we approve the Harkin amendment, the cost to the American taxpayers will be \$260 million per year. As a matter of principle we oppose this taxpayer subsidy. The whole focus of this bill is to phase-out agricultural subsidies and Federal control of agricultural decisions. Bureaucrats in Washington D.C. should no longer be in charge of determining who should plant what and when, especially considering the fact that the major cumulative effect of this practice has been to help large corporate farms at the expense of mid- and small-sized family farms. Our colleagues are correct that this particular proposal to raise the loan rate by 100 basis points, thereby decreasing the size of the current subsidy, was made as part of Republican efforts to balance the budget. They seem to think that because President Clinton vetoed that bill that there is no longer any need to find savings. We by no means share that sentiment--we are determined as ever to balance the budget. Decreasing a subsidy is not a tax, as our colleagues oddly contend--no one is twisting farmers' arms to come and take these subsidized loans. If they do not want to borrow, they do not have to. This program is strictly voluntary. Our Democratic colleagues have spent the past several decades imposing ever higher mandatory tax burdens on the American people in order to pay (partially) for the ever higher costs of their social welfare programs, yet in this debate they seem unable to grasp the distinction between a tax and a subsidy. We, however, are very aware of the distinction, and we believe that the American people, and the farming community, are aware as well. We thus must oppose the Harkin amendment.